

# MARKET UPDATE

**30/08/2024**

## **Gold prices dip as PCE data looms.**

Gold prices fell slightly in Asian trade on Friday, but remained close to record highs as markets awaited more cues on interest rates from key U.S. inflation data due later in the day.

But bullion prices were set for strong gains in August, as a mix of safe haven demand and expectations of interest rate cuts put the yellow metal at record highs.

Spot gold fell 0.3% to \$2,514.55 an ounce, while gold futures expiring in December fell 0.5% to \$2,547.80 an ounce by 01:08 ET (05:08 GMT).

Spot prices were set to gain about 2.8% in August, after hitting a record high of \$2,531.72 an ounce earlier in the month.

Tensions in the Middle East spurred safe haven demand for gold, as did a rout in risk-driven markets at the beginning of the month. Signs of steady central bank buying, in emerging markets, also supported prices.

But gold's biggest point of support was expectations of lower U.S. interest rates, which present a more accommodative environment for investing in the yellow metal.

## **Dollar set to snap 5-week losing run.**

The dollar traded near a one-week high versus major peers on Friday, on track to snap a five-week losing streak, after robust economic data pared bets for aggressive Federal Reserve interest rate cuts.

The euro languished close to a two-week low to the dollar as cooling inflation in Germany and Spain boosted the case for European Central Bank easing.

The yen held near the closely watched 145 per dollar level after weakening on Thursday, as the greenback tracked a rise in U.S. Treasury yields.

The Japanese currency largely ignored data on Friday showing core consumer prices in Tokyo climbing at a faster-than-expected 2.4% in August, again topping the Bank of Japan's 2% target, although a measure that also strips out energy costs rose by just 1.6%.

Overnight, U.S. data showed gross domestic product (GDP) grew a 3.0% annualised rate in the second quarter, an upward revision from the 2.8% rate reported last month. Economists polled by Reuters had forecast GDP would be unrevised.



## Asia stocks rise but still set for August losses.

Asian stocks rose on Friday as technology stocks recovered from Nvidia-induced losses, while month-end bargain buying saw Chinese shares rebound from more-than six-month lows.

But most regional markets were still headed for a loss in August, as they struggled to recover from debilitating losses clocked at the beginning of the month.

Asian markets took some positive cues from Wall Street, where the Dow Jones Industrial Average rose to a record high on buying in economically sensitive stocks, while losses in NVIDIA Corporation (NASDAQ:NVDA), following a middling outlook, pulled down the S&P 500 and NASDAQ Composite.

But these losses now appeared to be easing, as was a rout in the broader tech sector. Nvidia rose in aftermarket trade, as did U.S. stock index futures.

Focus was squarely on PCE price index data from the U.S., due later on Friday. The print is the preferred inflation gauge of the Federal Reserve, and is likely to factor into expectations for interest rate cuts.

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